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Docket No. FAA-2001-11172 Notice No. 154 - 15

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2002-02-05 11:11:55

**SUMMARY OF MEETING BETWEEN THE FEDERAL AVIATION  
ADMINISTRATION  
AND  
THE NATIONAL PARKING ASSOCIATION  
CONCERNING  
AIRPORT SECURITY ISSUES**

**JANUARY 10, 2002**

**LOCATION:** Federal Aviation Administration (FAA)  
800 Independence Avenue, SW  
Washington, D.C. 20591

**PARTICIPANTS**

**a. FAA**

Barry Molar, Manager, Airports Financial Assistance Division, Office of Airport Planning and Programming  
Elizabeth Newman, Attorney Advisor, Airports Environmental Law Division, Office of the Chief Counsel  
Jim Borsari, Manager, Program Guidance Branch, Office of Airport Planning and Programming  
Andrea Toney, Program Analyst, Office of Airport Planning and Programming

**b. National Parking Association (NPA)**

Attendees included NPA members from parking companies, NPA staff and various airport-parking consultants. See attachment.

**NOTE:** The purpose of the meeting was to discuss procedures for reimbursement of airports, on-airport parking lots and vendors of on-airfield direct services to air carriers for security mandates as a result of requirements identified in section 121 of the Transportation and Aviation Security Act of 2001. The FAA issued a notice of proposed rulemaking on December 17, 2001 in response to section 121 of the Act.

Members of the group introduced themselves.

Mr. Molar provided an overview of the Aviation and Transportation Security Act which was signed by the President and includes a provision which authorizes up to \$1.5 billion for direct costs used in meeting new and revised airport security requirements by airports, on airport parking lots and vendors of on-airfield direct services to air carriers. Mr. Molar indicated that no funding has been appropriated yet.

Mr. Molar outlined the timeline we are working with. He indicated that the Notice of proposed Rulemaking (NPRM) has already been published and that he had some difficulty in determining the appropriate contact group for the parking industry in advance of the publication of the NPRM. Mr. Molar indicated that the new NPRM was published prior to this consultation due to the statutory deadline for publishing procedures. Mr. Molar also noted that there is an opportunity for comments and that the statute does require consultation with affected groups.

Mr. Molar mentioned that we are working diligently to meet the statutory deadline, review comments and publish a final rule without undue delay. In addition, he indicated that airport direct costs would be eligible for reimbursement.

A staff member from the National Parking Association (NPA) indicated that the attendees present at this meeting control 90 percent of the airport parking in the country. In addition, he suggested that Mr. Molar share with the group the purpose of this meeting, what the FAA intends to do, and also recommended that members of the group then provide comments.

Mr. Molar stated that the FAA is guided by what the statute says. The statute clearly states that compensation is limited to direct security costs. Further, such compensation is intended to apply to several entities. In addition, Mr. Molar stated that such compensation would not include compensation for lost revenue.

Mr. Molar stated that direct costs would include direct security costs that airport parking lot operators have not passed back to other airport entities. In addition, generally accepted accounting principles would apply for small equipment expenses.

Mr. Molar indicated that when Congress does appropriate the funds for this statute, the total allowable costs may exceed the amount appropriated.

An APA member asked what the substance was of the meetings held by the FAA with other industry groups on this statute.

Mr. Molar indicated that much of the discussion at previous meetings was industry specific, however the issue of timing was also discussed. Mr. Molar indicated that after receiving feedback from some of the other groups, a March 31 closing date for expenses was developed. The resultant application closing date would then be in June, subject to the timing of the rule and other factors.

An APA staff member indicated that there have been significant comments from parking industry members with regard to some of the definitions in the NPRM. He indicated that the biggest concern was the issue of direct versus indirect costs.

An APA member asked Mr. Molar to provide some examples of applicable direct security costs. Mr. Molar indicated that minor equipment purchases such as mirrors, removing vehicles from within 300 feet of the terminal, and temporary barriers to control the flow of traffic if required by FAA security directives would be eligible direct costs.

Mr. Molar further indicated that increased administrative staff to process payroll for additional staff would be non-eligible (indirect costs).

An APA member questioned whether shuttle bus service costs needed because of the 300 foot security requirement would be eligible if companies must now bus people a couple of miles because of the security requirements.

An APA member further elaborated that parking operators have direct expenses, which are broader. Specifically, parking spaces have been taken from airport parking operators, yet these spaces still have to be lighted and cleaned. Further, real estate has been taken from the airport parking companies yet they still are responsible for paying for the spaces.

An APA member indicated that there have been severe losses as a result of the parking spaces that they must pay for but cannot use.

An APA member questioned whether there was any additional information provided by Congress that defines what they mean by on-airport parking.

An APA member indicated that one of the purposes of this meeting was for the parking operators to give the FAA information about the parking industry and to say that these are real issues that need to be addressed.

Mr. Molar urged the group to include as much of this discussion and the impacts that the participants were bearing because of the new/enhanced security requirements in the written comments that are submitted to the docket. In addition, to the extent practical the group should propose definitions that are consistent with the problems that were outlined.

An APA member indicated that the group would like to understand the opportunity to help clarify parking industry issues.

Mr. Molar indicated that the NPRM process does provide an opportunity for comments and input from affected groups.

An APA member indicated that the airport parking industry has been identified as a class that has suffered severe economic losses but with this regulation as written very few airport parking operators would recover anything at all.

An APA member asked what the process will consist of after the comments have been received.

Mr. Molar indicated that the FAA will review the comments and make recommendations based on the comments and prepare a draft rule. Such a rule would go through the review process through the FAA, the Department of Transportation (DOT) and perhaps the office of Management and Budget (OMB).

An APA member questioned whether there are any additional opportunities for Congress to make things less clouded.

Mr. Molar indicated that traditionally with a rule any guidance that individual members provide after legislation has already been enacted is generally given less weight. Further, there exists the possibility that other groups qualifying for reimbursement could challenge a broadening of the definition based on this kind of legislative guidance.

An APA member questioned whether there is any possibility that Congress may revise/clean-up the bill and change some items in the appropriations process.

Mr. Molar indicated that he is not in a position to suggest what actions that Congress may take in the appropriation's process.

An APA member raised the issue of changes in airport tenant rates.

Mr. Molar indicated that a certification that consultation took place is part of the regulation. An APA member questioned whether there should be a reasonableness test. Mr. Molar indicated that the FAA has not had a lot of problems with this kind of consultation requirement. Further, such consultation is in fact part of the Airport Improvement Program (AIP) process. A discussion ensued on the AIP process including assurances and consultation.

An APA member reiterated that the airport parking industry is subject to losses that other vendors on the airport are not experiencing.

An APA member outlined the differences between an airport bookstore, a rental car company and an airport parking vendor. A discussion ensued regarding the suggestion that parking closest to the airport generated the highest revenues and that airport bookstore's did not lose one third of their store and still have to pay for it.

A discussion ensued regarding airport parking leases and management fees and the affect upon the gross revenue stream. Individuals stressed that such fees and leases vary considerably from airport to airport. Further, presently in some cases revenues do not cover minimum guarantees.

Several APA members mentioned the 300-foot minimum and the fact that parking stalls are required to be insured although the spaces cannot be used. In addition, members of the group raised the issue of lost revenue versus the increased cost burden as a result of the 300-foot security requirement.

An APA staff member quoted an Airports Council International North America (ACI-NA) projection of \$600 million in airport losses as a result of September 11 and the new security requirements. In addition, he indicated that \$200 million of those costs were for lost parking revenues. Further, he mentioned that although the group at this meeting is small, the group represents 40,000 – 60,000 employees across the country and that people need the parking industry to support their families and that this issue is very important.

An APA member indicated that the consultation language is very important. In addition, he mentioned that one thing that is very incorrect is that parking operators have responsibility for a small percentage of airport parking. Mr. Molar indicated that the FAA is now aware that private operators run most airport parking.

An APA member indicated that the parking industry has had no recourse for these costs. The parking operators want to be treated fairly and want an opportunity to have a piece of the pie.

An APA member mentioned that airport parking patron's want to park as close as possible (to the terminal). Airport parking operators are losing a lot because the short-term solution is to use a shuttle bus service because now patrons must park further away. These airport-parking patrons previously paid a premium price to park as close as possible to the airport terminal.

A discussion ensued regarding the 300-foot security requirement and how long it will be in use. Several individuals questioned whether this rule would be in use for many years with even larger chunks of airport parking spaces that are totally useless. Several individuals contrasted the differences between the Gulf War and the current war. In addition, an APA member discussed the airport parking design and overall airport security changes as a result of the Gulf War, including blast resistance and inspection requirements.

Mr. Molar and members of the group expressed their appreciation for the opportunity to discuss the concerns of the airport parking industry.

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**FAA Meeting with the National Parking Association (NPA)  
NPA Attendees**

**January 10, 2002**

<u><b>Name</b></u>	<u><b>Organization</b></u>
Mark Muglich	AMPCO System Parking
Richard Kindorf	AMPCO System Parking
Jack Ricchiuto	APCOA/Standard Parking
Jim Wilhilm	APCOA/Standard Parking
Martin Stein	National Parking Association
Kathleen Taylor	National Parking Association
Dick Beebe	Consulting Engineers Group
Mary Smith	Walker Parking Consultants
James Blondell	Parking Management, Inc.
Robert Cizek	Central Parking System
Ron Stehman	HNTB Corp.
Ron McDonald	Republic Parking System
Jim Hall	Dillon-Hall
Mark Huth	Republic Parking System
James C. Berry	Republic Parking System